
WORKPLACE DIVERSITY MANAGEMENT AND ORGANISATIONAL PERFORMANCE

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ABSTRACT

Environmental volatility, technological innovations and globalisation are causing serious disruption to organisations. If organisations must continue to survive in this ever changing business environment and achieve corporate goals and objectives, they need to develop businesses and cooperation across national boundaries. Managing the growing trend of multi-ethnic diverse workforce is a key factor in attaining overall corporate success. Organisations that effectively and efficiently manage diversity will have a competitive advantage in the market place because they can create higher morale and better relationship in the workplace. Business organisations must therefore value, appreciate and accommodate the multicultural workforce of their employees including members of varying ethnic, racial, religious and gender backgrounds. Therefore, the main aim of this study is to identify the relationship between workplace diversity management and organisational performance. The study is a review of extant literature on the relationship between workplace diversity management and organisational performance. The result of the study shows that workplace diversity is strongly related to organisational performance. Therefore, workplace diversity is an important and inevitable factor in organisations due to the rapid economic growth and advancement, which requires that firms become more diversified, particularly in multiracial and multi-ethnic countries. The study recommends that business organisations should continue to adopt workplace diversity as a veritable tool for enhancing performance. Organisations should embrace workplace diversity to achieve market performance, innovative performance, and stakeholder performance.

Keywords: Workplace Diversity, Organisational Performance, Market Performance, Innovative Performance, Stakeholder Performance.

Introduction

The world has truly become a global village. In recent years, diversity and multiculturalism as a social phenomenon have attracted very serious attentions in many social sectors. Technological innovations and the arrival of a global economy bring the people of the world closer together than ever before. Chigbo, Olisaemeka, and Osita (2017) posited that the modern workplace has become so varied in its composition than it has ever been previously due to demographic factors, socio-cultural factors and economic factors. As a result, business organisations, educational systems, governments and other Institutions are investigating ways to serve their constituents better. A diversity which can be represented by the composition of minorities, women, different age grades and the likes are greatly increasing both at workplaces and other institutions of the world. As a result of the increasing differences in the population of countries, business organisations are now giving serious attention to diversity management so as to become totally inclusive to ensure increase in productivity and competitive advantage. Therefore, business organisations should recruits the best and most qualified workers from across the country and also foreigners alike (Chen, Liu, and Portnoy, 2012). Ezeanyim, E. Ezinwa and Ezeanolue Ekwutosi, T. (2020) assert that workforce diversity has significant implications toward management practices and policies. Diversity management is majorly used to attract, retain and effectively manage workplace diversity so as to contribute to organisational performance which can be only achieved by realizing the potential of diverse work force.

The business organisations today have not fully taken advantage of the strength embodied in diversity. Managing diversity in multi-ethnic workforce environment to achieve corporate objectives is never a new phenomenon notwithstanding the various terms employed to describe organisations including their diverse cultures, ethnic, racial and gender groups.

Environmental volatility, technological innovations and globalisation are causing serious disruption to organisations. If organisations must continue to survive in this ever changing business environment and achieve corporate goals and objectives, they need to develop businesses and cooperation across national boundaries. Managing the growing trend of multi-ethnic diverse workforce is a key factor in attaining overall corporate success. According to Otika, et al. (2015) organisations which manage diversity and multiculturalism will have a competitive advantage in the market place because they can create higher morale and better relationship in the workplace. Business organisations must therefore value, appreciate and accommodate the multicultural workforce of their employees including members of varying ethnic, racial, religious and gender backgrounds.

Diversity management has become an important and inevitable factor in firms due to the rapid economic growth and advancement, which requires that firms become more diversified, particularly in multiracial and multi-ethnic countries. Firms employing workers largely from a particular region not minding their competency has great negative impacted on their performance. Workers must be recruited and trained to become more socially aware and competent in a diversified workforce if the firms must attain their corporate mission and objectives and continue to survive in the world of dynamic multi-ethnic workforce environment (Ely & Thomas. 2001; Lee& Nathan, 2011; Urnam & Schneeweis, 2008; Carter et al., 2001).

Review of Related Literature

Theoretical framework

Social Identity Theory

The social identity theory predicts that people tend to identify with exact groups based on certain areas which are of personal significance to them such as demographic individuality like ethnicity, race, religion, gender, etc. This behaviour is premised on the fact that they are inclined to favour colleagues of their in-group at the expense of the out-groups. This theory was originally formulated by Tajfel (2015) to explain keeping out in the place of work.

Concept of Diversity Management

Osinbanjo et al. (2020) assert that globalisation and constant changes in the work environment has compelled the need for organisations to develop businesses and cooperation across their national boundaries which becomes necessary for them to solicit for a more dynamic cultural model if they must continue to survive in this turbulent environment and achieve their corporate goals and objective.

Agbaezu E. K, NwkontaNkechi, C. and Obufuna, C. (2019) assert that having a diverse workforce by bringing together different individuals of different demography and background and making policies and implementing practices to effectively manage diversity is crucial to organisational success. They opined that the establishment of an inclusive environment by organisations can lead to better service delivery, increased productivity and output and also improve employee commitment to the organisation.

According to Osinbajo et al. (2020), irrespective of the fact that various terms are used to describe organisations diverse culture, ethnic, racial and gender groups, managing diversity in a multi-ethnic workforce in the attainment of a corporate mission is not a new phenomenon.

According to Daft (2015) workforce diversity refers to an organisational labour force that is made up of people with different human character or who belong to different cultural groups.

Dimensions of Diversity

Gender diversity

Gender often defines the duties, responsibilities, constraints, opportunities and privileges of women, girls, men and boys in any context. According to Zhao et al. (2017), gender diversity describes the emotional difference and experience publicly and culturally attached to men and women within any firm. Various studies have shown that organisation success depends on gender equality and equity (Zahid, Rahman, Ali, Khan, Alharthi, Qureshi, and Jan, 2020).

Age Diversity

Age diversity simply means the acceptance of employees of different ages within a business environment. It is the ability of an organisation to accept different age grades. Age diversity offers positive advantages for healthy organisations, just like any other sort of diversity in work and life. Treating people fairly, regardless of age, is central to the principles of ethical business and ethical organisations. Studies have shown that many organisations are welcoming age diversity because they need skilled workers with experience and young talent with innovative mind-set for new venture better than organisational performance (30, 31).

Ethnic Diversity

Ethnicity is an identity related to a specific cultural or national tradition. Ethnic diversity, then, refers to the presence of different ethnic backgrounds or identities. It is necessary for managers to have information on diversity and ways in which they can manage ethnic variety of their labour force in ways that will help the organization take full advantage of the beneficial aspect of ethnic diversity.

Educational Background

Cohen & Bailey (2015) said differences in the educational setting of workers can bring about an important effect on group performance just like their diverse capabilities since it promotes a wide variety of talents. As such, managers should welcome individuals with different educational background as a way of encouraging the labour force to successfully work with each other in order to accomplish organization's goals (Gwendolyn, 2012).

Concept of Organizational Performance

Organizational performance is the ability of a firm to achieve its goals and optimize results. It also connotes the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Wiklund and Shepherd (2003), organisational performance is related to organisation success within a certain period. They posited that performance is organisations' sales, profitability, return on capital, turnover level, and market share.

In fact, organizational performance has become the most important criterion in evaluating organizations and their actions.. Performance of an employee at the workplace is a source of concern for all the organization despite of all the factors and conditions. As such, the employees are considered to be very important asset for their organizations Result oriented performance of employees of an organization leads towards a good organizational performance thus ultimately making an organization more successful and effective.

Relationship between Diversity and Organisational Performance

Akpakip, (2017) examine the effects of workforce diversity on employee performance. The research findings indicated that all aspects of workforce diversity used in the study has a significant positive relationship with employee performance except for ethnic diversity.

Ogbo, Kifordu & Ukpere, (2014) examined the impact of workforce diversity on customer related issues. Findings revealed that workforce diversity has a positive effect on customer related issues in an organisation.

Obuma, and Worlu, (2017) investigated on the bond in workplace diversity and employee engagement in banks in Rivers State. Based on the findings, they recommended among others that top management must understand that there is unity in diversity.

Odita, & Egbule, (2015) examined the effects of workforce diversity on organizational effectiveness in Brewery industry using selected Breweries. The findings revealed that there is a significant positive relationship between workforce diversity and organizational effectiveness.

Edewor, Yetunde & Onabanjo, (2017) Diversity management, challenges, and opportunities in multicultural Organizations. The study concludes that it is imperative for employers and

policy makers to understand changing workforce demographics and the impact of increasing diversity on human behaviour in the workplace.

Zahradeen. (2017) studied impact of workforce diversity on organizational performance in cross river state in Nigeria for the study. The study find significant relationship between a portion of the diversity factors and also individual diversity factors with the measures of organizational performance.

Darwin &Palanisamy (2015) study on workforce diversity and employee performance showed that age, gender and ethnic diversity have no significant impact the performance of employees. The findings revealed that employees had a neutral perception about workforce diversity.

Milliken & Martins (2016) study on one hand found that workforce diversity (especially ethnicity, age and gender) as having a positive effect on teams as it increases the opportunity for creativity among members. Their conclusion was that in the short term, there are several negative consequences associated with workforce diversity.

Results of the Study

Results from the review of literature clearly show positive relationship between diversity management and organisational performance.

This result is in agreement with position of Merve & Cemil (2016) study on “the effect of board gender diversity on firm performance: evidence from Turkey. The findings of their study indicate that the inclusion of female director in the board of the firms is positively related to the financial performance of firms, as measured by the return on assets, return on equity and return on sales.

This finding corroborates with the findings of Ji Li, Chris Wai L. C., Kevin C.K. Lam & Stacy Liao (2017) that there is a significant and positive effect of age diversity and a significant interactive effect between age diversity and firm profitability. They find a significant relationship between age diversity and firm profitability.

The result of the findings is also in agreement with the study of (Max, 2016) which affirmed that ethnic diversity help firm performance by introducing a wide range of ideas, improving security or international market access.

CONCLUSION

Based on the findings, the study therefore concludes that workplace diversity management is strongly and positively related to organisational performance. Diversity management has become an important and inevitable factor in the organisation due to the rapid economic growth and advancement, which requires that firms become more diversified, particularly in multiracial and multi-ethnic countries.

RECOMMENDATION

Drawing from the findings of the study, the study recommends that business organisations should adopt workplace diversity as a veritable tool for enhancing performance.

Firms should embrace workplace diversity to achieve market performance, innovative performance, and stakeholder performance.

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